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WALL & REDEKOP CORPORATION LTD.

Subsidiary Companies

- Wall & Redekop Realty Ltd.
- Southland Development Ltd.
- Cloverdale Lumber & Plywoods Ltd.
- Redekop & Wall Apartments
- Mt. Lehman Produce Ltd.
- Mount Lehman Farms Ltd.
- Redekop Bros. Farms Ltd.
- Pinecrest Poultry Farms Ltd.

Head Office: 1070 West Broadway
Vancouver, B.C.

**Interim Report to Shareholders
for the 6 months ended
Jan. 31, 1970.**



To Our Shareholders

The Wall & Redekop Corporation made continued progress in the six months ended Jan. 31, 1970, in all phases of its operations.

The Directors are pleased to report that net earnings during the period were \$482,251 after taxes, an increase of 44 per cent over the comparative half-year period ended Jan. 31, 1969. This represents earnings of 26.5 cents per share, compared with 19 cents.

Gross revenues increased 20.6 per cent to \$6,898,223, reflecting the progress of all Divisions of your diversified Corporation.

Revenue from the Real Estate Agency increased 68.3 per cent to \$914,061. Lumber and Building Products revenue was \$2,101,421, up 35.2 per cent. Revenue from our Poultry and Farming Division was up 18.7 per cent to \$930,678. Rental income climbed 85.8 per cent to \$688,286. Construction and Land Development revenue declined 14.7 per cent to \$2,263,777, reflecting Corporation policy of minimizing sales of construction completed in order to increase long-term income from these properties.

Earnings after expenses, interest and depreciation totalled \$936,946 for the six-month period. Income taxes paid and income taxes deferred to future periods totalled \$454,695.

Retained earnings at Jan. 31, 1970, were \$2,555,711, up from \$1,529,773 at Jan. 31, 1969.

The Corporation continued its policy of retaining ownership of more apartment buildings built by the Construction Division. In keeping with this policy, a further 406 suites have been added to the Corporation's portfolio since Jan. 31, 1969, bringing the total to 1060 at Jan. 31, 1970.

Since the Wall & Redekop Corporation became a public entity in British Columbia in January, 1969, sales and earnings have increased steadily. The Corporation now has 1,320 shareholders who are participating in this growth, which has continued despite national economic and fiscal conditions which have resulted from anti-inflationary measures by Government.

SUMMARY OF OPERATIONS

Six Months Ended Jan. 31

	1970	1969
Operating Revenue	\$6,898,223	\$5,717,615
Operating Expenses	5,620,899	4,660,707
Earnings before taxes	936,946	738,372
Net Earnings	482,251	337,781
Earnings per common share outstanding	26.5¢	19¢
Common shares outstanding	1,831,340	1,831,340

Twelve Months Ended Jan. 31

	1970	1969
Shareholder Equity	\$4,008,304	\$1,532,985
Retained Earnings	2,555,711	1,529,773
Interest in rental properties (suites)	1,060	654

In British Columbia, where sound economic growth is continuing at a pace exceeding that of Canada as a whole, the general outlook is bright. The province's economy is based on resources development, and despite temporary fluctuations the world-wide demand for British Columbia resources will continue. This rapid resources development, and consequent industrial development, has resulted in population gains considerably in excess of the national average. These economic and population advances have produced a high demand for housing in British Columbia which continues unabated in light of a decline in the supply of housing due to monetary conditions. An easing of interest rates and supply of funds will, in our view, result in rapidly-expanding markets for the products and services of the Corporation's Divisions.

On behalf of the
Board of Directors.

PETER WALL,
PETER REDEKOP

Vancouver, B.C.
March, 1970.

WALL & REDEKOP CORPORATION LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED JANUARY 31, 1970

(With comparative figures for 1969)

(SUBJECT TO AUDIT)

Revenue:	1970	1969
Construction and land development — Note 1	\$2,263,777	\$2,466,339
Lumber and building products	2,101,421	1,553,438
Farming	930,678	783,996
Rental	688,286	370,430
Real estate agency	914,061	543,412
	<u>6,898,223</u>	<u>5,717,615</u>
Cost of sales and operating expenses	<u>5,620,899</u>	<u>4,660,707</u>
Operating profit before the following charges	1,277,324	1,056,908
Interest	234,415	196,964
Depreciation	69,469	55,857
Management salaries	24,000	36,000
	<u>327,884</u>	<u>288,821</u>
Operating profit	949,440	768,087
Less: Minority interest	<u>12,494</u>	<u>29,715</u>
Earnings before income taxes	936,946	738,372
Income taxes paid or payable	284,553	245,455
Income taxes deferred to future periods	170,142	123,125
	<u>454,695</u>	<u>368,580</u>
Net earnings before special items	482,251	369,792
Special items	<u>—</u>	<u>(32,011)</u>
Net earnings	<u>\$ 482,251</u>	<u>\$ 337,781</u>
Common shares outstanding	1,831,340	1,831,340
Net earnings per share	26.5¢	19¢

NOTE 1 — Construction and land development revenue includes a sale of an apartment building to two of the Directors, in the ordinary course of business, for \$1,375,000. Payment has been by way of assumption of mortgages and a cash down payment of \$220,000. The balance of \$140,000 is receivable within six months.

The fair market value of this property was determined by an independent appraiser as at October 15, 1969, as \$1,350,000.

The net effect on income after tax is to increase net earnings of the company by \$102,773.

WALL & REDEKOP CORPORATION LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT JANUARY 31, 1970

(With comparative figures for January 31, 1969)

(SUBJECT TO AUDIT)

ASSETS

	1970	1969
Current:		
Accounts receivable	\$ 1,467,155	\$ 1,155,467
Agreements receivable	400,205	229,017
Inventory	7,455,347	4,153,098
Prepaid expenses and deposits	15,723	9,706
	<u>9,338,430</u>	<u>5,547,288</u>
Amounts receivable on agreements for sale	1,336,848	1,247,050
Sundry investments	115,247	9,461
Income producing properties at cost — Net	10,526,930	5,737,333
Fixed, at cost:		
Land	\$ 159,150	
Building	545,593	
Vehicles, machinery and equipment	360,973	
Office furniture	137,434	
Leasehold improvements	24,965	
	<u>1,228,115</u>	
Less: Accumulated depreciation	<u>348,418</u>	
	879,697	716,475
Goodwill	120,000	120,000
Financing expenses	106,094	—
	<u>\$22,423,246</u>	<u>\$13,377,607</u>

LIABILITIES

	1970	1969
Current:		
Bank indebtedness	\$ 1,805,336	\$ 946,866
Accounts payable and accrued liabilities	2,113,270	1,461,169
Income taxes payable	748,286	422,632
Mortgage advances on construction in progress and agreements payable	1,904,527	1,782,326
	<u>6,571,419</u>	<u>4,612,993</u>
Long-term debt:		
Contracts payable	38,411	—
Sinking fund debentures — 8%	1,500,000	—
Mortgage on properties sold under agreements for sale	871,020	959,304
Mortgages on income producing properties	8,251,160	4,984,452
Deferred income taxes	1,090,970	535,200
Shareholders' advances	40,885	678,051
Minority interest	51,077	74,622
	<u>18,414,942</u>	<u>11,844,622</u>

SHAREHOLDERS' EQUITY

Share capital	1,452,593	3,212
Retained earnings	2,555,711	1,529,773
	<u>\$22,423,246</u>	<u>\$13,377,607</u>